



The Town of
**Leesburg,
Virginia**

ROBERT S. NOE, JR.
Town Manager

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July 8, 2003

Honorable Mayor and Members of Council
Town of Leesburg

Madam Mayor and Members of Council:

I am pleased to present to you the approved FY 2004-2008 Capital Improvements Program (CIP) for the Town of Leesburg. The CIP represents a plan to meet the capital needs of the town's government and its citizens, based on the Town Plan, Utility System Master Plan, Storm Drainage Master Plan, Ida Lee Park Master Plan, Airport Master Plan, citizen requests, and an assessment of capital needs outlined by the director of each of the town's departments. The CIP also indicates how Leesburg proposes to fund the identified capital improvement needs over the next five years.

The five-year CIP includes 51 projects totaling \$98,435,768 divided among Leesburg's General, Utilities, and Airport Funds as follows:

General Fund	\$49,407,268
Utilities Fund	\$41,983,500
Airport Fund	\$ 7,045,000

Highlights of the CIP projects for FY 2004 are:

- South King Street Trail Phase I
- Turn Lane at Edwards Ferry Road and Route 15 Bypass
- Northeast Leesburg Improvements
- Sycolin Road Widening
- West Market Street Sidewalk and Drainage (land and design)
- Harrison Street Sidewalk Drainage and Sidewalk
- North King Street Drainage Improvements
- Water Treatment Plant Expansion to 15 MGD
- Water Pollution Control Expansion Project
- Overlay of the Airport Runway

Madam Mayor and Members of Council
July 8, 2003
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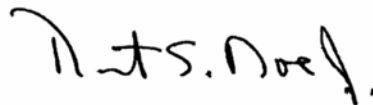
The FY 2004 budget provides funding for 22 projects. Project funding increased from \$16,776,000 in FY 2003 to \$21,504,633 in FY 2004 primarily as a result of increased funding for Streets & Highways and Storm Drainage projects, and the Overlay of the Airport Runway. With the pressures of the economic downturn and our current bonded indebtedness, your decision to maximize the use other funding sources (grants, donations, proffers, Loudoun County Gas Tax Fund, etc.) and issue a modest \$1,350,000 General Fund bank loan will significantly mitigate the financial impact of the CIP.

A few projects were funded with a General Fund transfer of \$145,000 to the Capital Fund. The Northeast Leesburg Improvement and Harrison Street Drainage and Sidewalk projects were partially funded with \$85,000 from the General Fund. As a requirement to receive \$2,940,000 in Federal and State financial assistance, a General Fund contribution of \$60,000 was made for the Airport CIP.

By moving some projects to the Appendix for future consideration and maximizing the use of outside funding sources, the Capital Improvement Program is more aligned with our revenue projections. The table on Page 24 shows the positive impact of these actions on future CIPs. Our challenge for the future will be to focus on the most important priorities while maximizing other funding and limiting our future debt. The Utilities Fund remains strong and can meet its future capital needs.

Finally, special recognition is acknowledged to Michael Freda, Management/Budget Officer; Paul York, Finance Director; Bob Berkey, Management/Budget Analyst, Deputy Town Manager Phil Rodenberg; Nagi Elsewiassi, Capital Projects Manager; Renee LaFollette and Michael Lowe, Capital Projects Engineers; Adam Brown, Intern and the town's department directors, who also made invaluable contributions toward the overall management of the CIP process.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. S. Noe, Jr.", written in a cursive style.

Robert S. Noe, Jr.

FORWARD

The Town of Leesburg was established in 1758 and is located in Loudoun County, Virginia, approximately 35 miles northwest of Washington, D.C. The town has a land area of 12.32 square miles, comprised of 11.84 square miles expanded from 3.75 square miles by a 1984 annexation, and including .29 square miles from a 1985 boundary line adjustment, 0.095 square miles from a 1990 boundary line adjustment, and 0.107 from a 2002 boundary line adjustment. The town is the county seat of Loudoun County. The population of Leesburg is estimated at approximately 33,470.

The town has been organized under the Council-Manager form of government since 1962. The Town Council is the legislative body of the town and is empowered by the charter to make town policy. Six of the seven Town Council members are elected at large for four-year overlapping terms and the mayor, also a member of council, is elected for a two-year term.

The Council appoints a town manager to act as chief executive officer of the town. He serves at the pleasure of the Council, carries out its policies, directs business procedures, and has the power of appointment and removal of all town employees. Duties and responsibilities of the Town Manager include preparation, submission and administration of the capital and operating budgets, advising the Council on the affairs of the town, enforcement of the Town Charter and laws of the town, and direction and supervision of all departments.

The Town Council, in its legislative role, adopts all ordinances and resolutions and establishes the general policies of the town. The Council also sets the tax rate and adopts the budget.

CAPITAL IMPROVEMENTS PROGRAM FISCAL YEARS 2004-2008

INTRODUCTION

This Capital Improvements Program (CIP) represents a guide for financial decisions, annual budgeting, and the coordination of major public investments in the preservation and expansion of the town's infrastructure. This plan shows how Leesburg will address its public facility needs and the types of funding available over the next five years.

A five-step process is used to prepare the Capital Improvements Program. First, department directors identify potential capital projects for a five-year period. Second, the Capital Projects Committee (CPC) made up of the, Director of Finance, Management/Budget Officer, Management/Budget Analyst, Assistant to the Town Manager, Chief of Comprehensive Planning, and Capital Project Manager performs an analysis of each project to identify priorities. Third, the town's financial capabilities are analyzed to determine revenues available for capital projects. Fourth, a schedule of capital projects is prepared for the five-year planning period and is approved by the Town Manager for submittal to the Planning Commission and Town Council. Finally, the CIP is reviewed, revised and recommended by the Planning Commission to the Town Council for evaluation and adoption. The CIP is updated annually prior to adoption of the budget.

The CIP includes capital projects, continuing programs and capital equipment. A capital project is defined as construction, renovation or demolition project or acquisition of land valued in excess of \$60,000 with a useful life in excess of ten years. Requests include new projects as well as approved projects that required continued funding.

RELATIONSHIP OF THE CAPITAL IMPROVEMENTS PROGRAM AND TOWN PLAN

The Capital Improvements Program and Town Plan are integrally related and mutually supportive. Capital projects identified in the CIP are designed to support the goals and objectives of the Town Plan. The Town Plan provides a strong basis for making long-term project decisions.

DEBT SUMMARY

Overview and Debt Financing Principles

The Town of Leesburg is a rapidly growing community and one of the challenges growth brings to any community is the ability of its government to serve the infrastructure needs of its citizens. This has largely been accomplished in Leesburg through the issuance of long term general obligation and revenue bonds.

Leesburg has used long-term debt to fund the majority of its capital improvement projects and infrastructure improvements. Some of the assets acquired by the town through the issuance of these bonds have been; Ida Lee Park Recreation Center, Municipal Office Building, Parking Garage, Public Works Complex, Public Safety Facility, Wastewater Treatment Plant Expansion and upgrade, Thomas Balch Library expansion, Balls Bluff Park, Freedom Park, Leesburg Executive Airport improvements and storm drainage and highway improvements. Our most recent bond issue was in November 2001 in the amount of \$4,200,000 for the development of Freedom Park. This park, which opened on April 5, 2003, provides four new baseball/softball fields and a football/soccer field as well as other recreation amenities in the southern part of town on Evergreen Mill Road.

It is the town's policy to limit debt financing to fund capital projects whose useful lives will exceed those of the bonds. The Town Council's debt policy is outlined below.

Debt Policy. The established town debt policy is as follows:

- Debt may be utilized as a means to keep pace with the maintenance and capital needs of town growth. The town will make financial decisions that ensure future debt will be available at a reasonable cost.
- Borrowed funds should only be used for capital projects that cannot be funded through operating revenue. The town should not fund current operations with borrowed proceeds.
- The debt repayment period for financing capital improvements through bond issues should not exceed the expected life of the improvement being financed.

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- Even though debt capacity is 10 percent of real estate assessments, Council has adopted a more conservative capacity favored by bond rating agencies. Total town general obligation debt should not exceed \$2,000 per capita.
 - General fund debt service expenditures should not exceed 15 percent of the town's total general fund operating expenditures.
 - User fees should be considered for those services with specialized clientele.
 - Intergovernmental funding will be aggressively pursued to ensure all revenue sources are identified and garnered for programs that the Town Council identifies as priority.

Summary of Outstanding Debt and Bond Issues as of June 30, 2003

General Obligation Bonds. The town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the town. These bonds generally are issued as serial bonds with amounts of principal maturing each year.

Revenue Bonds. The town also issues bonds where the town pledges income derived from the acquired or constructed assets to pay debt service.

Outstanding long-term debt at June 30, 2003, includes the following bond issues shown on the next page.

General Obligation Bonds:

\$7,930,000 2003 General Obligation Refunding Bonds due in annual installments of \$90,000 to \$1,635,000 through August 1, 2010; interest at 4.5%	\$7,930,000
\$4,200,000 2001 General Obligation Bonds due in annual installments of \$154,578 through January 15, 2022; interest at 4.02%	4,080,281
\$14,545,000 2000 General Obligation Bonds due in annual installments of \$15,000 to \$1,810,000 through January 15, 2021; interest at 4.5% to 5.375%	14,385,000
\$9,480,000 1999 General Obligation Bonds due in annual installments of \$360,000 to \$700,000 through June 15, 2019; interest at 3.75% to 4.8%	8,250,000
\$8,035,000 1998 Series General Obligation Refunding Bonds due in annual installments of \$55,000 to \$965,000; interest at 4.0% to 4.5%	7,165,000
\$12,300,000 1996 General Obligation Bonds due in annual installments of \$505,000 to \$705,000 through June 1, 2016; interest at 4.9% to 5.4%	4,290,000
\$18,065,000 1993 General Obligation Refunding Bonds due in annual installments of \$375,000 to \$1,605,000 through August 1, 2010; interest at 5.10% to 5.7%	1,405,000
\$670,000 1998 General Obligation Bonds due in monthly installments of \$6,927.64 through February 17, 2008; interest at 4.45%	<u>349,732</u>
Total General Obligation Bonds	\$47,855,013

Revenue Bonds:

\$11,000,000 1999 Utility System Revenue Bonds due in semi-annual principal and interest installments of \$391,534; interest at 3.5%	\$10,182,721
\$23,265,000 1997 Utility System Revenue Refunding Bonds due in annual installments of \$70,000 to \$1,900,000 through July 1, 2022; interest at 4.5% to 5.125%	<u>23,265,000</u>
Total Revenue Bonds	\$33,447,721
Total Bonded Debt	<u>\$81,302,734</u>

Revenue Bonds constitute special obligations of the town solely secured by a lien on and pledge of the net revenues of the water and sewer system. The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond covenants. The covenants provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be retained in a surplus account. The covenants also contain certain provisions which require the town to maintain revenues, as defined in the covenants, of at least 1.25 times the annual debt service requirements. For FY 2003, all revenue bond covenants were met and the FY 2004 budget anticipates that all bond covenants will be met next year.

The allocation of bonded long-term debt to funds or to the general long-term debt account group is determined based on the Town's intention for repayment of the debt. The allocation of debt by fund and account group is as follows net of issuance discount.

<u>Bonds</u>	<u>Enterprise Funds</u>	<u>General Long-term Debt Account Group</u>	<u>Total</u>
1993 General Obligation Refunding Bond	\$411,665	\$993,335	\$1,405,000
1996 Public Improvement Bonds	313,902	3,976,098	4,290,000
1997 Utility System Revenue Refunding Bonds	23,265,000		23,265,000
1998 General Obligation Bonds	349,732		349,732
1998 G.O. Refunding Bonds	1,290,600	5,874,400	7,165,000
1999 Virginia Resources Authority Loan	10,182,721		10,182,721
1999 General Obligation Bond		8,250,000	8,250,000
2000 General Obligation Bond	3,653,790	10,731,210	14,385,000
2001 General Obligation Bond		4,080,281	4,080,281
2003 General Obligation Bond	<u>2,323,490</u>	<u>5,606,510</u>	<u>7,930,000</u>
Total bonds payable	<u>\$41,790,900</u>	<u>\$39,511,834</u>	<u>\$81,302,734</u>
Capital leases		359,667	359,667
Note Payable		40,000	40,000
Long-term portion of accrued vacation pay for General Fund	_____	<u>763,709</u>	<u>763,709</u>
Amount to be provided for retirement of general long-term debt	<u>\$41,790,900</u>	<u>\$40,675,210</u>	<u>\$82,466,110</u>

Annual requirements to amortize long-term debt and related interest payment are as follows:

<u>Year Ending June 30,</u>	<u>Bonded Obligations Principal</u>	<u>Interest</u>	<u>Capital Leases</u>	<u>Totals</u>
2004	\$3,608,555	\$3,642,809	\$179,833	\$7,431,197
2005	4,467,573	3,567,553	179,834	8,214,960
2006	4,567,504	3,371,717	0	7,939,221
2007	4,603,380	3,164,773	0	7,768,153
2008	4,517,374	2,967,729	0	7,485,103
Thereafter	<u>59,538,348</u>	<u>20,403,049</u>	<u>0</u>	<u>79,941,397</u>
Totals	<u>\$81,302,734</u>	<u>\$37,117,630</u>	<u>\$359,667</u>	<u>\$118,780,031</u>

DEBT MANAGEMENT

The town's bonds are rated by both Moody's Investors Service and Standard and Poor's Corporation and carry ratings of A1 and AA- with these respective firms.

Legal Debt Margin

The Code of Virginia limits to 10% of the assessed valuation of the real estate subject to taxation as the total amount of General Obligation debt which can be issued by the town. Debt which is included in determining this limit includes any bonds or other interest bearing obligations including existing indebtedness. Excluded from this calculation would be any revenue bonds or debt which debt service requirements are derived from a source other than from the town's real property tax revenues. The following was the town's legal debt margin as of June 30, 2003:

Assessed Value	\$3,661,931,906	
Debt Limit 10% of Assessed Value		\$366,193,190
Amount of debt Subject to Debt Limit:		
General Bonded Debt	39,511,834	
Enterprise Fund Debt	<u>8,343,179</u>	
Total Applicable to Debt Margin		<u>(47,855,013)</u>
Legal Debt Margin		<u><u>\$318,338,177</u></u>

The town's general obligation debt per capita as of June 30, 2003, is \$1,320, which is below the \$2,000 limit imposed by the Town Council. The town's General Fund budgeted debt service requirement of \$4,451,834 is 13.9% of the General Fund Budget which is slightly below the town's projected goal of debt service expenditures not exceeding 15% of General Fund expenditures.

Future Debt Planning

The following projects are scheduled for debt financing in the 2004-2008 CIP:

Project Description	Proj. No.	Existing Bond Funds	2004 Bond Issue	2005 Bond Issue	2006 Bond Issue	2007 Bond Issue
PARKS AND RECREATION PROJECTS						
SOUTH KING STREET TRAIL - PHASE I*	11	\$20,000	\$75,000			
SOUTH KING STREET TRAIL - PHASE II	12					330,750
IDA LEE SOCCER/LACROSSE FILED NO. 3	13			1,050,000		
IDA LEE PARK TRAIL PHASE II	14			275,000		
OUTDOOR POOL	17			25,000	445,000	
VETERANS PARK AT BALLS BLUFF IMPROV	18			200,000	3,654,000	
BARN RENOVATIONS AT IDA LEE PARK	19			308,500		
STREETS & HIGHWAY PROJECTS						
DRY MILL ROAD IMPROVEMENTS	32	60,000		825,000		
SIGNAL CATOCTIN CRL & EDWARDS FER RD	38			310,000		
WEST MARKET ST SIDEWALK & DRAINAGE**	40		115,000		550,000	
HARRISON STREET, N.E. SIDEWALK***	45					
RIGHT TURN LANE ON PLAZA STREET	46			270,000		
EDWARDS FERRY ROAD	48		220,000	1,915,000		
STORM DRAINAGE						
WOODBERRY ROAD IMPROVEMENTS	49				85,000	365,000
TURNER HARWOOD STORM DRAINAGE	51				548,531	
TOWN BRANCH IMP KING ST TO MONROE ST	52	40,000	650,000			
TOWN BRANCH IMP EAST END MOSBY DR	53	25,000	55,000	210,000		
TUSCARORA CREEK IMPROVEMENTS	54	50,000	120,000	725,000		
FT EVANS RD SIDEWALK & STORM DRAIN****	55	100,000	1,125,000			
NORTH KING STREET DRAINAGE IMPROV*****	56	415,000	670,000			
COUNTRY CLUB STORM DRAIN	60		20,000	350,000		
TOTAL GENERAL FUND			\$1,030,000	\$3,050,000	\$6,463,500	\$5,282,531
TOTAL FOR CIP			\$1,030,000	\$3,050,000	\$6,463,500	\$5,282,531

* General Fund Loan of \$75,000 in FY 2004.

** General Fund Loan of \$115,000 in FY 2004.

*** General Fund Loan of \$320,000 in FY 2004.

**** General Fund Loan of \$170,000 in FY 2004.

***** General Fund Loan of \$670,000 in FY 2004.

SUMMARY OF CAPITAL PROJECTS

The capital improvements program is divided into eight functional areas:

- Parks and Recreation
- Streets and Highways
- Storm Drainage
- Buildings, Grounds and Equipment
- Utility Lines
- Water Supply
- Water Pollution Control
- Airport

The project schedule is a master list of projects organized by functional area. Individual projects are shown on the project summary pages along with sources of funding for each project. The following are major highlights by functional area.

Parks and Recreation

The South King Street Trail Phase I is funded by a \$75,000 General Fund loan. Loudoun County has proposed to fund the remainder of the project cost.

Streets and Highways

The FY 2004 street and highway projects include \$5,394,633 in improvements with the Route 15 Widening (South King Street) and Sycolin Road Widening being the most significant projects. Additional funding will go to the Turn Lane at Edwards Ferry Road (Route 15 Bypass), Northeast Leesburg Improvements, and Harrison Street Sidewalk and Drainage project. Design and land purchase funding is available for the West Market Street Sidewalk and Drainage project.

Storm Drainage

Design funding is available for the Ft. Evans Road Sidewalk and Drainage Improvements project. Construction funding is available for the North King Street Drainage Improvements project. Both projects are funded by a General Fund loan for FY 2004.

Buildings, Grounds and Equipment

There is no project funding proposed for FY 2004.

Utilities Fund

The major utility projects for FY 2004 include the expansion of the Water Treatment Plant to 15 million gallons per day capacity, the Water Pollution Control Plant Expansion design, construction of the Utilities Maintenance Building, repainting and coating of two water tanks, Water System Improvements Phase 13 – Sycolin Road, and the replacement of a Vac-Con unit used for cleaning the sewer system. Over \$41 million in projects are proposed over the five year planning period.

SUMMARY OF CAPITAL PROJECTS

Airport Fund

The \$3,000,000 in airport projects includes resurfacing the runway, updating the Airport Master Plan, acquiring land surrounding the airport, and the South Apron Expansion and South Runway Exit project. Approximately 98% of the airport projects' funding is from the Federal Aviation Administration and Virginia Department of Aviation.

STATUS OF FULLY FUNDED CAPITAL IMPROVEMENT PROJECTS

The following is a list of the capital projects that have been fully funded by the Town Council. The list includes the project title, the current accumulated appropriation, the status, and a brief summary of the purpose of the project.

PROJECT	FUNDING	STATUS	PROJECT SUMMARY
PUBLIC WORKS			
Catoctin Circle Trail	\$355,000	Final Design	Construct 1,500 linear foot asphalt trail along Catoctin Circle from Fairview Street/East Market Street intersection to Foxridge Park with access to W&OD Trail.
East Market St. Widening	\$3,203,000	Under Construction	Widen E. Market Street from Sycolin Road to four lanes with a two-way left turn lane, a separate northbound left turn lane traffic signal phase to eliminate long delays.
Rtes. 7 & 15 Traffic Signal	\$264,000	Bid Solicitation	Coordinate traffic signals along Rte. 15 and Rte. 7 to enhance traffic flow and reduce emissions by minimizing stops and delays.
S. King St. Bridge Abutment	\$150,000	Bid Solicitation	Repair abutments cracked by corrosion and friction from thermal movement.
Wilson/Pershing Aves Improv.	\$1,000,000	Final Design	Install sidewalks, curbing, gutters, and storm drainage on Wilson and Pershing Avenues.
UTILITIES FUND			
Town Hall Expansion	\$3,700,000	Conceptual Design	Expansion of Town Hall to meet existing and projected service and staff needs.
Radio Meter Reading System	\$158,000	Under Construction	Installation of a radio water meter reading system for monthly billings of commercial accounts.
Water System Improve Phase 11	\$70,000	Under Construction	Construct water main and metering station to interconnect the town's water supply system to the Loudoun County Sanitary Authority for emergency use.

PROJECT	FUNDING	STATUS	PROJECT SUMMARY
Water System Improve Phase 12	\$250,000	Under Construction	Water system improvements on Wirt Street, Old Waterford Road, Loudoun Street, Cavalier Arms, Mosby, North King Street, Adams Drive, and Hancock Place.
Utility Lines Maintenance Bldg.	\$650,000	Design	Construction of maintenance building and offices for the growing needs of the Utility Lines Division.
Stowers/Stratford Interconnection	\$375,999	Under Construction	Construction of an interconnection between the Western Pressure Zone and Sycolin Pressure Zone to provide a back-up water supply for each zone.
Main Zone Tank No.1	\$320,000	Preliminary Design	Engineering, design, and construction of a 2 million gallon elevated storage tank and 5,000 feet of 24-inch waterline.
Route 643 Water Tank	\$2,450,000	Preliminary Design	Construction of a 2 million gallon elevated tank and approximately 700 feet of 16-inch waterline.

AIRPORT FUND

Airport Terminal Expansion	\$3,669,725	Under Construction	Renovate and expand terminal to meet capacity needs and expand parking lot.
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